

S A L E S MERCANDISER

R.J. Reynolds Tobacco Co./Sales Dept./May-June 1984

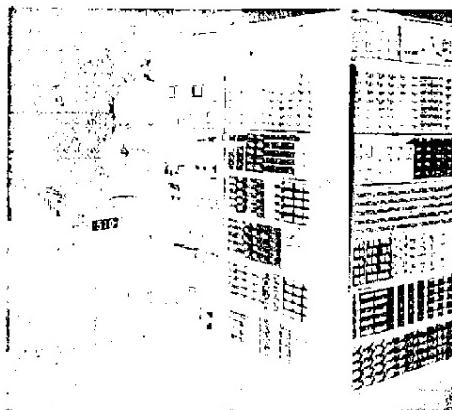
Chicago

NEW DORAL
CHALLENGES
LOW-PRICED
BRANDS



Compare our taste. Compare our price.
Now you have a choice.

NO COUPON NEEDED
SAVE over \$2.00



51859 5735

— SHORT CALLS —

'Pride' Caravans continue tours to nation's fairs

Reynolds Tobacco's "Pride in Tobacco" Caravans continue their 1984 tour with several West Coast, Midwest and Southeast appearances during June and July.

The traveling exhibits on the history of tobacco and its importance to America have appeared at fairs and festivals with an attendance of more than 13 million people during the last two years.

The exhibits spent much of the first quarter this year in Florida. Below is the June-July schedule of appearances:

- June 1-10
St. Louis Fair
St. Louis, Mo.
- June 2
175th Anniversary Celebration
Madison, Ind.
- June 7
Daniel Boone Day
Boonesborough, Ky.
- June 13-17
Bean Blossom Bluegrass Festival
Bean Blossom, Ind.
- June 16
National Hollerin' Contest
Spivey's Corner, N.C.
- June 22-23
Kenly "Pride in Tobacco" Festival
Kenly, N.C.
- June 23-July 3
Alameda County Fair
Oakland, Calif.
- June 30-July 1
Lincolnfest
Springfield, Ill.
- July 3-7
Camel GT Race
Watkins Glen, N.Y.

July 6-15
Orange County Fair
Costa Mesa, Calif.

July 10-15
Outagamie County Fair
Seymour, Wis.

July 20-22
Tobacco Days
Edgerton, Wis.

July 27-31
Mississippi Valley Fair
Davenport, Iowa

Division secretary's daughter gets assist

The daughter of Lou Ann Cochran, a secretary in the Oklahoma

City, Okla., division office, is among the 20 winners of 1984 R.J. Reynolds Industries scholarships, administered by the National Merit Scholarship Corporation.

Rebecca M. Cochran, a graduate of Casady School in Oklahoma City, intends to study petroleum engineering and accounting at Oklahoma State University in Stillwater.

As a scholarship recipient, Cochran will receive an annual stipend of \$500 to \$3,000 for four years or until she receives her bachelor's degree, whichever comes first. The amount she receives each year will be based on college costs and her family's financial circumstances.

On the cover

At a national sales meeting in Chicago in late April, Field Sales and Home Office management shared presentations on the introduction of Doral — to compete with generics, the unveiling of the "Flex" merchandising system and the introduction of a tabletop tax stamping machine. See story, page 4.

B&P manager praises fleet repair program

J.R. Bishop, budget and planning manager in the Pacific/Mountain Sales Area, can attest to the value of the fleet management repair program.

"I recently had occasion to work with PH&H on repairs to my company car," Bishop wrote. "I thought you would be interested to learn that [a tire and repair company] prepared a list of 'necessary repairs' that totaled \$125. PH&H authorized a \$19 front-end alignment that completely solved the problem."

After that experience with PH&H, Bishop said, "It does appear that their trained personnel can, in fact, save us money by authorizing only those repairs that are necessary to correct whatever problem exists with our vehicles."

Minneapolis jobber cites RJR assistance

Dear Sirs:

Just a note to express my appreciation for a job well-done. A large account of ours needed a new carton merchandiser and asked our assistance in getting them something immediately.

They were taken care of promptly by your people here. Being in a competitive business, you understand the importance of servicing our customers' needs as soon as practical. So, thanks to Davie Smilden (assistant division manager in the Minneapolis, Minn., division) and John Anderson (sales representative in the Minneapolis division).

Ross Amundson
M. Amundson Cigar & Candy
Minneapolis, Minn.

51859 5736

MEMO

From the Vice President, Field Sales



As employees of R.J. Reynolds Tobacco Company we have a tremendous stake in the future of our company and the tobacco industry. We have good jobs, excellent benefit and retirement plans and most of us are shareholders in our prosperous company. We're better off than a lot of companies today, and we look forward to continued prosperity long into the future.

The company has embarked on a \$1 billion investment in facilities expansion and modernization. A feature in this issue of the *Sales Merchandiser* will bring you up to date on the progress of that 10-year program. The company is committing a vast amount of capital to improve our facilities and strengthen our position in the industry.

I feel that the announcements at our Chicago meeting in April also represent a total commitment of our company's resources to launch new and innovative products and programs. The introduction of Doral, the presentation of the "Flex" concept in merchandising and the unveiling of the Tabletop Tax Stamping Machine all underline the recognition of Reynolds Tobacco as the innovator in the industry.

But commitment in terms of facilities and programs alone isn't enough. From a Sales perspective you and I know that, in the long run, it's dedicated people who make up the strength and character of the company. We're the bottom line. We impact directly on the growth our company has enjoyed in the past as well as the success we expect in the future.

You have demonstrated your dedication and commitment time and time again, and believe me that's what gives us the winning edge that will ultimately ensure our future prosperity.

A handwritten signature in cursive ink, appearing to read "Ralph Angiuoli".

Ralph Angiuoli

51859 5737

Managers gather in Chicago to hear plans for three major programs in 1984

At a Chicago meeting the last week of April, Field Sales and Home Office management gathered to hear three important announcements. The sales meeting came on the heels of first-quarter results that showed Field Sales achieving first-quarter volume and share objectives.

"The first-quarter results and the plans announced today make me extremely confident," said Ralph Angiuoli at the meeting. "If anyone thought we would lay back licking our wounds after 1983, they were badly mistaken. Instead, we have unveiled plans to strengthen us on three major fronts."

Angiuoli's reference was to the generic cigarette market, a new merchandising concept, and a tax stamping machine developed to stamp Century and More.

The general meeting opened with the announcement of the introduction of a new Doral brand family of cigarettes developed to compete with generics, which account for more than 4 percent of the cigarette business.

The brand will be available in both 85mm and 100mm sizes and in menthol and regular styles. All styles will contain 14mg of "tar" with a standard filter.

Doral was introduced in test markets in 14 states on May 14, supported by some newspaper and point-of-sale advertising.

"The primary objective of the Doral introduction is to recapture and retain price-sensitive smokers," said Dave Hunt, national planning manager, in the presentation. "Doral does that by providing an alternative for generic smokers that provides branded quality in terms of

taste, consistent delivery and quality appearance."

Doral was selected as the company's entry into the generic category for its established name. A majority of smokers surveyed remembered the Doral name as a quality product, a positive perception that will be capitalized upon, Hunt said.

Hunt then outlined introductory sales programs to support Doral and hard-hitting in-store point-of-sale advertising for the brand.

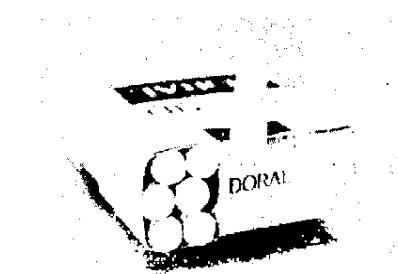
Hunt was followed on the agenda by Larry Schreiber, director of

'If anyone thought we would lay back licking our wounds after 1983, they were badly mistaken,' Vice President - Field Sales Ralph Angiuoli told the group.

Merchandising, who addressed the dynamics of cigarette merchandising in preface to announcing Reynolds Tobacco's latest innovation in merchandising — the "Flex" system.

"We've long been the innovator in cigarette merchandising techniques," Schreiber told the group, "but the competition has not stood still. That, coupled with retailers who continually change their store designs and look, requires continuing innovation on our part."

To address competitive pressure and the needs of retailers, Reynolds



Tobacco has developed a carton merchandising system that accomplishes space needs and is superior to anything developed by anyone else.

"The Flex system is the most exciting new dimension in carton merchandising ever introduced," said Schreiber. "The system has infinite configuration possibilities to address our needs and the needs of retailers."

The "Flex" is a system of components that is adaptable to most retail situations, a system that requires no special tools and easily assembles. It is designed with a multitude of common components used interchangeably in many configurations and is mainly steel and aluminum to provide long-lasting capabilities. The modular design allows add-on capabilities without looking pieced together.

"The combinations of 3-foot and 4-foot horizontal dimensions provide a wide variety of end-cap configurations with application on retailer gondola bases for potential inline configuration or wraparound," explained Schreiber. "The overall vertical height will provide for a traditional 6-shelf unit, all shelves 5-high with a 7-high top shelf."



Field Sales managers get a close-up view of the new "Flex" merchandising system.



Merchandising Managers Bruce Hetter (left) and Carson Strickland discuss the features of the "Flex" system.

Complementing the practical design of the new unit is its appearance. Stylized oak panels on the front, and gold trim adds a subtle touch of elegance.

The unit allows the use of different size canopies and a host of signage, including such items as store logos, pricers and tobacco and accessory signs.

"This dynamic, new-look system gives retailers an organized department for efficient stocking and inventory needs and effectively displays the greatest number of products in the most productive amount of space," concluded Schreiber.

The innovation theme of the meeting continued in the next presentation by Jack Regan, national planning manager. Regan introduced a tabletop stamping machine designed to stamp Century and More products. The machine will be offered to direct accounts.

"Once again, our company has taken a responsible position in looking for alternatives to the hand-stamping proposition," Regan told

continued

the group. "The unit came about as the result of a task force formed to look for long- and short-term alternatives to hand stamping."

Regan noted that the company's projected payout for hand-stamping allowances to direct accounts from 1984 to 1988 is \$28 million. The new unit required an investment of about \$8 million, but will realize a net savings of \$20 million over the next five years.

"For each hour the machine is in operation, our company is saving \$160," said Regan. "This machine is our short-term solution. It is a semi-automatic machine that can be produced and distributed quickly with immediate results."

The company's Research & Development and Engineering Departments combined to develop a working model in the short span of six weeks. After in-house testing, the machine was sent to several field locations — two grocer chains and one tobacco distributor.

"The tests showed that we were right on target with a dependable piece of equipment that was easy to operate and efficient at eliminating the man-hours required for hand-stamping," said Regan. "Field testing was completely successful."

The machines have been field tested since last December with no major breakdowns. Operators learned to use them in just a few minutes and built up stamping speeds of 40 cases per hour.

The exact timing of Field implementation is dependent on the state approval process — each state must approve both the machine and the required new tax stamp pattern.

"We are in full production right now with several outside suppliers," said Regan. "Direct accounts in North Carolina and Rhode Island

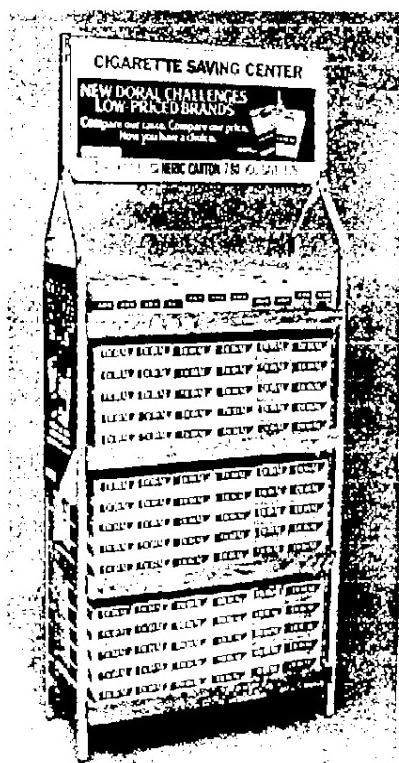


The tabletop tax stamping machine draws attention of Field Sales managers in Chicago.

will be presented the machine, and we anticipate they will have a domino effect on other states, speeding up the process of state approvals."

The group then broke out into regional and area meetings where the managers were given more specific information about the three programs.

"I can't think of another time in my career with RJR that we made such important announcements simultaneously in one meeting," Angiuoli told the group before the breakout meetings. "But the real importance of this meeting is that we are bringing you, our Field managers, this information at the beginning, even before implementation. You heard today about conceptual plans that will have a tremendous impact on our business in 1984 and many years to come."



We don't advertise to children.

Who are you kidding?

The newspapers and magazines and billboards are filled with cigarette ads. Kids can't help but see them.

How can you expect us to believe you're not trying to reach and influence our children?

We're not surprised if many people feel this way--especially when years of negative publicity have made them totally cynical about our industry.

Nevertheless, we'd like to set the record straight.

First of all, we don't want young people to smoke. And we're running ads aimed specifically at young people advising them that we think smoking is strictly for adults.

Second, research shows that among all the factors that can influence a young person to start smoking, advertising is insignificant. Kids just don't pay attention to cigarette ads, and that's exactly as it should be.

Finally—and this is sometimes hard for people outside the marketing field to understand—all of our cigarette ads are what we call “brand advertising.” Its purpose is to get smokers of competitive products to switch to one of our brands, and to build the loyalty of those who already smoke one of our brands.

At the present there are some 200 different cigarette brands for sale in the U.S. Many of them have only a very small fraction of the total cigarette market. Getting smokers to switch is virtually the only way a cigarette brand can meaningfully increase its business.

That's why we don't advertise to young people.

Of course, if you'd like to share *this* ad with your children, that would be just fine with us.

R.J. Reynolds Tobacco Company

This ad is one example of those in the company's public issues campaign currently being run in newspapers and major national magazines.

Committing to the future

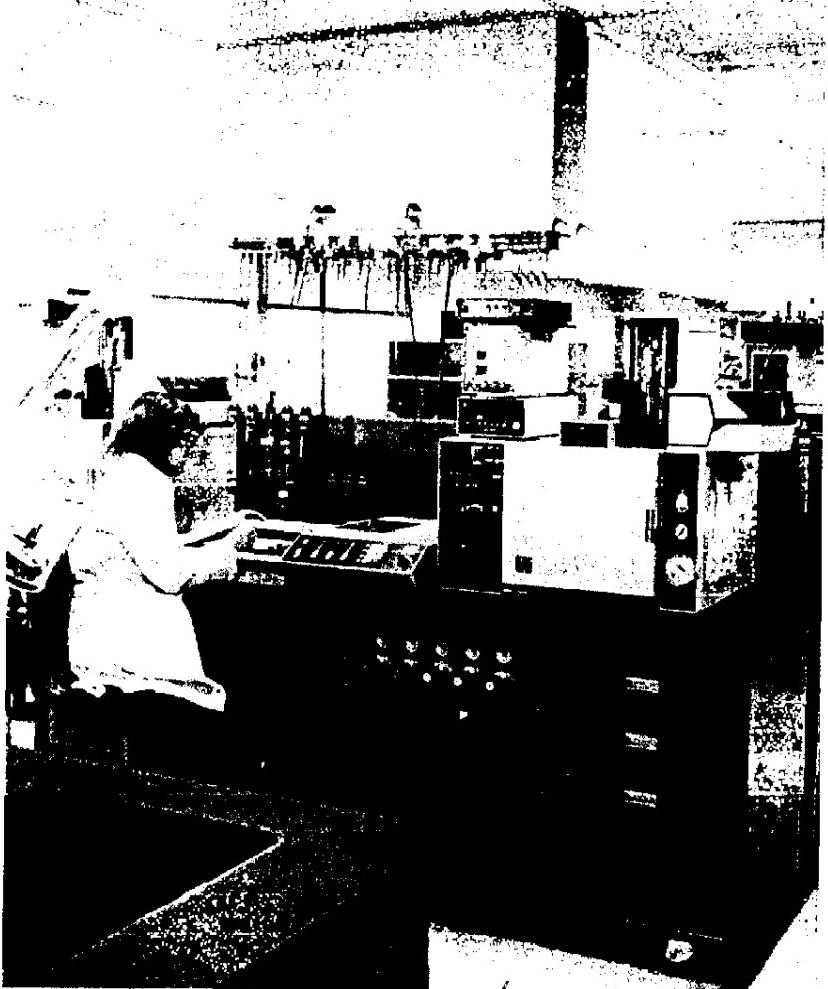
The concepts and plans announced in Reynolds Tobacco's 10-year, \$1 billion facilities expansion and modernization program have begun to take shape; they're becoming real.

When Reynolds Tobacco announced its 10-year, billion-dollar-plus facilities expansion and modernization program in September 1980, the company reaffirmed its commitment to the vitality of the tobacco industry in the 1980s and beyond. The company intends to be a leading force in a bright future for a strong industry.

Since that announcement, many major pieces of the program have been put in place, beginning with the start-up of the company's fully automated Central Distribution Center in July 1982.

The \$15 million, 360,000-square-foot facility provides the fast and orderly product distribution that is crucial in today's competitive business environment.

The CDC is the most modern facility of its type. But even before the



Research and Development technicians work in the comfortable and modern surroundings of the new addition to the company's Bowman Gray Technical Center.

51859 5742

awe of it wore off, the company broke ground for an even more ambitious project — the largest and most modern cigarette manufacturing plant in the world.

Construction of the Tobaccoville plant, an \$800 million, 2-million-

square-foot facility located 12 miles north of Winston-Salem, began in August 1983. Earlier this year, the final steel beam was put into place and the project is speeding toward its scheduled start-up in 1986.

The Tobaccoville facility will be able to produce 110 to 120 billion cigarettes per year, and it will incorporate an unprecedented degree of flexibility, allowing up to 36 different brands to be run simultaneously. A totally new concept in primary processing, to be used at Tobaccoville and other facilities, will yield the highest-quality blends the company has ever produced.

As impressive as it will be, though, Tobaccoville will not overshadow Whitaker Park. Within the next several years, extensive renovations and the installation of state-of-the-art equipment will transform Whitaker Park into a manufacturing showcase, virtually the equal of Tobaccoville.

Almost every piece of equipment at Whitaker Park will be replaced with more efficient machinery that will produce higher-quality products at lower costs. An expansion at

one end of the plant will accommodate computer-controlled primary processing equipment that will allow Whitaker Park to increase the number of blends it can run by more than 30 percent.

Once renovated, Whitaker Park will use the same equipment configuration as that planned for Tobaccoville, with each of making and packing complex producing 8,000 cigarettes per minute.

During the past two years, similar state-of-the-art making and packing equipment has been installed at manufacturing facilities in downtown Winston-Salem, improving product quality and production efficiency.

Quality is also being improved through new testing techniques that provide immediate feedback on critical characteristics of cigarettes and filter rods. Automatic testing equipment, already in use at Whitaker Park and several downtown locations, is arming the company's making and packing operators with information they can use to improve quality during production runs.

The computerization of equipment and procedures also promises to boost quality and efficiency. No. 63 Processing, a 112,000-square-foot primary processing plant that began operations in March, is an excellent example of the state of things to come.

No. 63 is completely computerized, giving operators complete keyboard control of every piece of equipment in the plant. Process specification limits can be set, adjusted and monitored on computer terminals. The system also warns operators of equipment malfunctions and reduces downtime by pinpointing problems immediately.

The company's investment in upgrading facilities necessitates having highly qualified employees to

continued



Computerized processing lines yield more consistent blends.



Operators at 63-1 Processing use computers to control every piece of equipment in the plant.

run those facilities. This need is being met through recent improvements in training methods.

Operators and repairmen are receiving comprehensive, individualized training through a computer-assisted training program that allows them to learn at their own pace. The company has also entered into an agreement with a local technical institute to provide free courses to any employee who wants to improve his or her skills and knowledge.

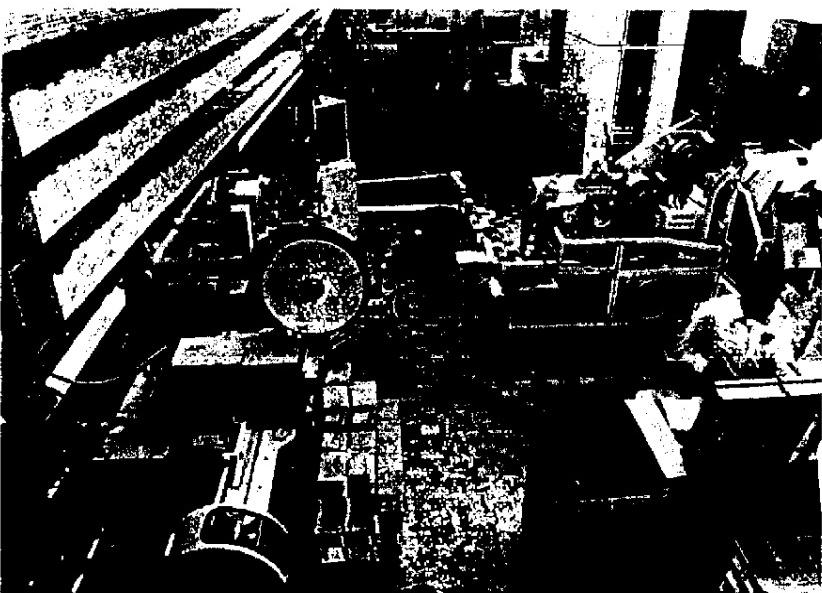
The company's commitment to knowledge is also exemplified by the recent 250,000-square-foot addition to the Bowman Gray Technical Center, the company's Research and Development headquarters. Using the most modern equipment and techniques, the center's 650 employees are increasing the company's knowledge about all aspects of tobacco and cigarette construction.

Among the new techniques being used are laser studies of the fundamental properties of smoke and computerized image analyses of blend components and wrapping materials. Following successful tests in R&D, lasers were installed on making machines to control smoke-delivery quality and consistency by perforating filters as cigarettes are produced.

With each passing month, additional pieces of the company's facilities development program will be put into place, pushing Reynolds Tobacco closer to its goal of becoming the lowest-cost producer of the highest-quality tobacco products in the United States.



In the high-rise storage section of the company's mammoth Central Distribution Center, 17 stacker cranes, run by computer, place pallets in one of more than 23,000 slots in the huge storage frame.



Making and packing complexes at Tobaccoville will produce 8,000 cigarettes a minute.

51859 5744

— VOLUME WINNERS —

Rushton scores 'hit' at Redstone Arsenal

Area Sales Representative J.N. Rushton of the Huntsville Ala., division scored a direct hit when he sold the Redstone Arsenal Commissary on converting from vertical merchandising to horizontal merchandising.

Rushton sold the Commissary officer Military Plan M-11. Eight Commissary merchandisers with canopy signage were also installed. RJR share in this outlet is 44 percent and growing.



Canopy signage highlights the horizontal merchandising J.N. Rushton placed in the Redstone Arsenal Commissary.

San Antonio division team promotes Camel

L.D. Gann, division manager in the San Antonio, Texas, division held a three-day drive with Hispanic calls with special effort toward Camel displays and advertising. Gann was assisted by Area Sales Representatives Eddie Macias, Ismael M. Reyes and J.E. Allison.

Making a total of 133 retail calls, the team placed 43 Camel B1G1Fs and/or 10 carton stackers and 1,051 pieces of PDI such as clocks and cigarette center signs. They also sold 823 cartons off their cars. The reception by retailers was excellent, as they were as enthusiastic about upgrading their POS and selling promotions.

Lexington, Ky., team sells new merchandising

The Lexington, Ky., division has been busy recently — with good success — in selling new merchandising to food and discount stores in the division.

Continuous rack presentations by Areas Sales Representative J.B. Denney, Assistant Division Manager J.C. Bryant III and Division Manager R.P. Boswell this past year finally paid off with Food Fair in Somerset, Ky.

The 12-store chain with no RJR contract agreed to Plan D11, using 180 Universals with 3-wide extenders in 10 stores. A standard two-shelf plan will be placed in the remaining two stores.

Area Sales Representative J.R. Bushong and Bryant were successful in expanding the 4-foot wrap program at the Foodtown Chain (9 stores) in Lexington. This makes three stores of this predominantly gondola merchandising chain with 156 Universals and 4-foot wraps.

Area Sales Representative J.D. Beard obtained approval to place 6-sided spinners in 25 of the 28 Maloneys/Futures Discount Stores headquartered in Mt. Sterling, Ky.

Piscitelli aids Gray with its distribution

Chain Accounts Manager J.M. Piscitelli of the Cleveland chain division was successful in selling Gray Drug (388 stores) on changing their cigarette distribution philosophies, increasing the number of authorized brands to 140.

Piscitelli's effort resulted in 38 introductions on RJR brands in Gray Drug's three warehouses with an initial order of 545 cases to support the introductions. He also sold Gray on placing Permanent Counter Displays in the cash register position and implementing a new cigarette ordering procedure to eliminate out-of-stocks.

VENDING

Vending Sales Manager - Field W.J. Smith of the Detroit Chain Division has been extremely successful in selling the Coin Mech Program.

Smith has signed 75 percent of his 37 vendors to the Coin Mech Contract. Of the 4,000 total machines he is responsible for, 83 percent are on the Coin Mech Program.

With Fontana Brothers Vending (1,080 machines), Smith secured a 9.0 brand average when they signed. The vendor currently has a 7.8 brand average.

Idea Exchange

When placing new advertising in our plastic package signs, I have had better results when I quickly remove the price dial and place the advertising so that the edge of the cardboard is behind the dial. The signs have a longer lasting, neat appearance and are not likely to fall or get knocked out.

Nashville, Tenn., Division
J.E. Mitchell

I've found that the standard brown adopter used for Century in our package racks can also be used in our overhead package racks. Cut out the same number of spaces and use Twin-Stiks to hold it in place.

Memphis, Tenn., Division
Cleotis Ramsey

If you assemble the Vantage bulletin board and place the store's current newspaper ad on it, it is very hard for a retailer to refuse it. All you do is walk in and place it in a desirable location. Customers will begin using it immediately, making it difficult for the retailer to refuse it.

Duluth, Minn., Division
P.N. Schmelke

Since you asked

Q: Doors on Security for Universal 3 and 6-Carton Wide Extenders fit too close to Universal Sides Security Doors and will not open freely. How can we correct this?

A: Be sure to use spacers furnished with Universal Extender Security - if too tight add additional spaces as needed. In future production, thickness of spacer has been increased one-eighth inch. Be sure that door hinges are mounted even from top to bottom. Opening tab on hinge of Universal Extender Security is provided for ease of opening due to closeness to Universal Side Security Door Hinge. **Instruct realler to open Extender Security Door before opening Universal Side Security Door. Tabs are not included on Universal Security Doors since this would make it too easy for customer to open doors.**

Q: My mechanic has told me that the Ford Motor Company will not stand behind its engine warranty if 10W40 oil is used in its engine. This is all that I have used. Can you check out the accuracy of this report?

A: To date, General Motors is the only manufacturer who has recommended against 10W40 motor oil. If an automobile manufacturer's service representative makes a decision to turn down a warranty claim, for whatever reason, the companies stand behind their decisions. As far as we know, Ford has not turned down any warranty claims because of the use of 10W40 motor oil. We do recommend that you only use the quality of motor oil outlined in the manufacturer's warranty book.

Q: For some unknown reason, PH&H is reluctant to allow tire rotation of company vehicles. They would not allow me to rotate at 7,500 mile checkup, and at 15,000 mile checkup allowed rotation only after my insistence. Why is this?

A: With the new radial tires, manufacturers are only suggesting that the tires be rotated when a wear problem develops. Radial tires conform to the axle and rotation could cause problems to develop that were not present prior to the rotation — problems such as vibration or a pulling from one side to the other. It has been proven that on front-wheel-drive models the rear tires can last as much as 80,000 miles. This would only require the purchase of two front tires during the fleet life of the vehicle. PH&H has been instructed to make recommendations to our drivers because of their knowledge of the automobile industry and preventive maintenance practices.

PROMOTIONS & APPOINTMENTS

Nadyne T. Brown has been promoted to sales information systems coordinator in the Home Office Sales Department.

Brown joined the company in 1969 in the Corporate Employment office as a clerical trainee. After several other assignments she joined the Sales Department as a stenographer in 1976. Brown was promoted to secretary in 1978, and to sales administration coordinator in 1981.

R.D. Garrison has been promoted to sales merchandising manager in the Pacific/Mountain Sales Area.

Garrison joined the company in 1972 as a sales representative in the Portland, Ore., division. He was promoted to assistant division manager in the E. Los Angeles, Calif., division in 1975 and later that year transferred to the W. Los Angeles, Calif., division. In 1976 Garrison transferred to the S. Los Angeles, Calif., division. He was promoted to division manager in the Phoenix, Ariz., division in 1978 and to chain accounts manager in the San Francisco, Calif., chain division in 1980.

J.V. Maguire has been promoted to sales merchandising manager in the North Atlantic Sales Area.

Maguire joined the company in 1973 as a sales representative in the Worcester, Mass., division. He was promoted to assistant division manager in the S. Boston, Mass., division in 1978. In 1980 Maguire was promoted to division manager in the Harrisburg, Pa., division. He was promoted to merchandising manager in the Home Office in 1982.



D.L. Bomgardner has been promoted to budget and planning manager in the North Atlantic Sales Area.

Bomgardner joined the company in 1972 as a sales representative in the Harrisburg, Pa., division. He was promoted to assistant division manager in the Portland, Me., division in 1975, and to division manager in the Long Island, N.Y., division in 1979. Bomgardner was promoted to regional training and development manager in the New York regional training and development division in 1982, and then to sales merchandising manager in the North Atlantic Sales Area the following year.



J.L. Bryant has been promoted to chain accounts manager in the San Francisco, Calif., chain division.

Bryant joined the company in 1974 as a sales representative in the S. Seattle, Wash., division, where he was promoted to area sales representative the following year. In 1979 Bryant was promoted to assistant division manager in the San Francisco, Calif., division and later that year transferred to the S. Seattle, Wash., division. He was promoted to division manager in the Riverside, Calif., division in 1982.



T.D. Ryan has been promoted to chain accounts manager in the N. Los Angeles, Calif., chain division.

Ryan joined the company in 1973 as a sales representative in the Pasadena, Calif., division, where he was promoted to area sales representative the following year. He was promoted to area manager - merchandising in the Los Angeles chain division in 1979, and to assistant division manager in the Phoenix, Ariz., division the following year. Ryan was promoted to division manager in the Des Moines, Iowa, division in 1983.



J.W. Perkins has been promoted to division manager in the Des Moines, Iowa, division.

Perkins joined the company in 1977 as a sales representative in the Kansas City, Mo., division, where he was promoted to area sales representative later that year. He was promoted to assistant division manager in the E. Houston, Texas, division in 1978, and to training and development manager in the Houston regional training and development division in 1982. Later that year, he was named assistant division manager in the E. Houston, Texas, division.



S.R. Karambelas has been promoted to division manager in the Wichita, Kan., division.

Karambelas joined the company in 1979 as a sales representative in the Sacramento, Calif., division, where he was promoted to area sales representative the following year. He was promoted to assistant division manager in the Oakland, Calif., division in 1982.



51859 5747

PROMOTIONS & APPOINTMENTS

T.J. Caraccio has been promoted to assistant division manager in the Bronx, N.Y., division.

Caraccio joined the company in 1977 as a sales representative in the Long Island, N.Y., division, where he was promoted to area sales representative in 1979.

Later that year he was promoted to area manager - merchandising in the New York chain division. He was named training and development manager - field in the New York regional training and development division in 1983.

W.C. Hoey has been promoted to assistant division manager in the Oakland, Calif., division.

Hoey joined the company in 1975 as a sales representative in the San Francisco, Calif., division, where he was promoted to area sales representative the following year. Hoey was promoted to area manager - merchandising in the San Francisco chain division in 1978, and was named area manager - vending in that division in 1981.

R.A. Chapin has been promoted to assistant division manager in the Billings, Mont., division.

Chapin joined the company in 1979 as a sales representative in the Portland, Ore., division, where he was promoted to area sales representative the following year. He transferred to the Eugene, Ore., division in 1980, and the following year transferred back to Portland. Chapin was promoted to vending sales manager - field in the Seattle chain division.



M.L. Paulson has been promoted to assistant division manager in the Fresno, Calif., division.

Paulson joined the company in 1979 as a sales representative in the San Fernando Valley, Calif., division, where he was promoted to area sales representative the following year.

F.A. Graham has been promoted to assistant division manager in the E. Cleveland, Ohio, division.

Graham joined the company in 1981 as a sales representative in the Akron, Ohio, division, where he was promoted to area sales representative the following year.

W.L. Thompson has been promoted to merchandising manager - field in the Detroit, Mich., chain division.

Thompson joined the company in 1981 as a sales representative in the Grand Rapids, Mich., division, where he was promoted to area sales representative the following year.

D.N. Bixler has been promoted to vending sales manager - field in the Detroit, Mich., chain division.

Bixler joined the company in 1981 as a sales representative in the Lansing, Mich., division, where he was promoted to area sales representative the following year.



A.J. Azzaro has been promoted to training and development manager - field in the New York regional training and development division.

Azzaro joined the company in 1982 as a sales representative in the Brooklyn, N.Y., division, where he was promoted to area sales representative the following year.

M.J. Arfmann has been promoted to manager - military and institutional sales in the Charleston, S.C., division.

Arfmann joined the company in 1977 as a sales representative in the Asheville, N.C., division, where he was promoted to area sales representative the following year. In 1980, Arfmann transferred to the South Atlanta, Ga., division.



In memoriam

V.H. Garcia, area sales representative in the Spokane, Wash., division, died March 21. He had seven years with the company.

Garcia joined R.J. Reynolds in 1976 as a sales representative in the Spokane division. He was promoted to area sales representative in 1978.

Nancy A. Walick, sales representative in the Columbus, Ohio, division, died May 9. She had six months with the company.

Walick joined R.J. Reynolds in 1983 as a sales representative in the Columbus division.



Quick-Fax

For convenience stores, are those product categories with the highest inventory turns each year also the product categories with the highest Direct Product Profitability (DPP)?

Apparently so, says the *Convenience Store Merchandiser* in an April article. Last year, the publication published its Space Productivity Study, which used the DPP method of evaluating product profitability.

This method identifies the real gross profit dollars contributed by a product (sales - cost + allowances) and subtracts the real cost of carrying the product (among them space, equipment, labor, etc.).

The article looked at store inventory turns based on that data and compared the results with the DPP approach used in the Space Productivity Study to answer the question.

As seen in Fig. 1, the bread/cupcakes/pastry category showed the highest turns with 23.1 per year, which is logical given the shelf life of the products. Tobacco ranked second with 19.5 turns per year.

Overall the tobacco and beer/wine categories are the only two showing a higher profitability than their relative turns would otherwise indicate. Space efficiency and higher margins contribute to this result.

(Fig. 1) Convenience store product turns per year			
Product category	Average gross sales	Average inventory turns	Average cost rec'd per year
Bread/Cupcakes/Pastry	\$27,544	23.1	
Tobacco	87,768	19.5	
Milk	51,649	18.6	
Snack foods	20,709	18.6	
Ice cream	14,696	16.7	
Newspaper/Magazine	23,514	14.5	
Soft drinks	68,781	14.2	
Beer/Wine	73,433	12.6	
Confectionery	30,670	10.7	
Groceries	50,656	5.8	
Non-food items	12,893	3.5	

Source: CSNews CACI

(Fig. 2) Convenience store Direct Product Profitability	
Product category	DPP (\$/ft ² /mo)
Tobacco	\$35.04
Milk	14.66
Beer/Wine	13.30
Soft drinks	7.63
Confectionery	4.14
Bread/Cupcakes/Pastry	2.75
Magazines/Newspapers	0.82
Snack foods	0.62
Groceries	(1.50)
Non-food items	(2.32)
Ice cream	(4.12)

Source: CSNews CACI

51859 5749

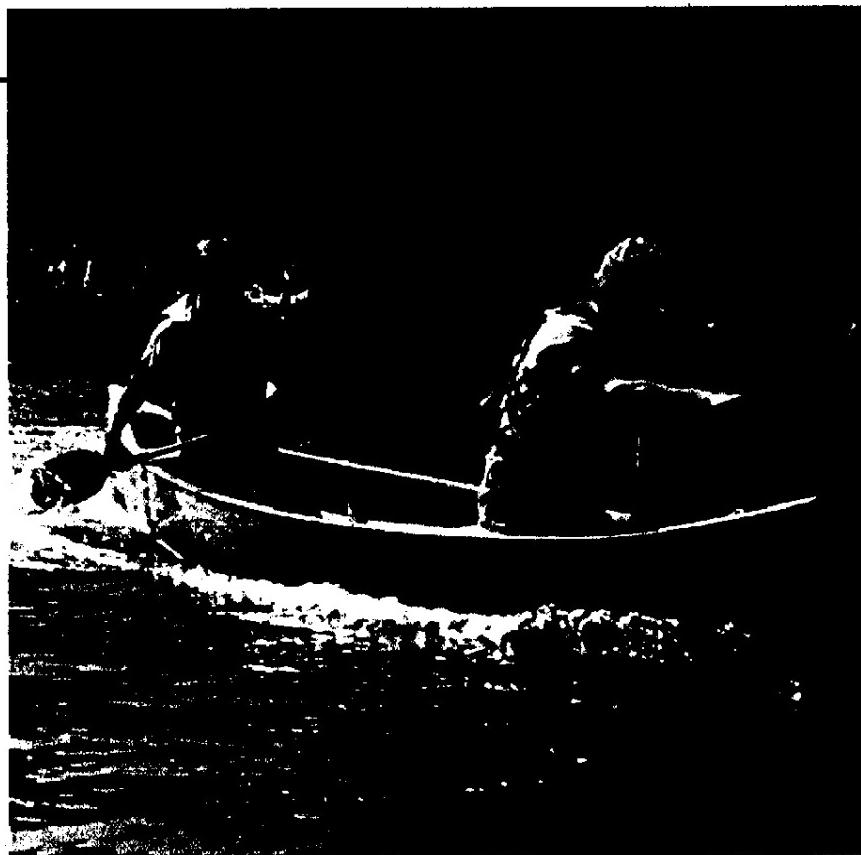
Sales rep paddles way to honors

(Editor's Note: the current issue of Caravan carries a feature article about employees who paddle kayaks and canoes for pleasure and relaxation. Following is a feature about an area sales representative in the Charlotte, N.C., division who paddles and races kayaks and canoes in the Southeast.)

Since he began racing canoes and kayaks in the Southeast eight years ago, Danny Bennett has won 17 medals, including third place in the Southeastern U.S. Whitewater Championship on the Nantahala River.

In the past five years, Bennett has raced with Davis Webster of Pfafftown, N.C., in the C2-Open Whitewater Class (cruising, two man). In that time, they have paddled in nine races, placing first four times, second four times and third once.

"Those races were on the Catawba River, the New River and the Nantahala River in North Carolina and the Dan River in



Area Sales Representative Danny Bennett and his partner, Davis Webster, race their canoe.

Virginia," said Bennett, a sales representative in the Charlotte, N.C., division.

Whitewater classes range from Class I (flat water) to Class VI (very turbulent water with big waves). Bennett and his partner race on Class I to Class IV water, with races ranging from 2.5 miles

to 9 miles.

"I enjoy canoeing for recreation, but the competition is fun, too," said Bennett, who has also paddled the Chattooga River in Georgia and the Nolichucky in Tennessee. "The races start in early spring and end in October, with a lot of practice in between."

SALES MERCHANTISER

May-June 1984

Published for members of the Field Sales Force of R.J. Reynolds Tobacco Company.

Manager - Sales Communications John Olenick

Editor Gene Scialdone

MERCHANTISER offices are located in the Reynolds Building, 17th Floor, Winston-Salem, NC 27102. Telephone (919) 777-7674.

©1984 by R.J. Reynolds Tobacco Company.

51859 5750